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Consumer Quarterly

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Electronic Commerce: Just the Facts

“Internet Shopping Booming!”

"Internet Retailers Can Look Forward to Even More Explosive Growth!"

IN THIS EDITION

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Guidelines from the OECD

Consumer Shopping Tips

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What's Next?

Consumers are being bombarded with headlines like these concerning the Internet and the growth of on-line shopping. "Dot-com" companies are inundating us with ads to buy goods on-line.

This edition of *Consumer Quarterly* provides information on public and private sector initiatives to protect consumers both nationally and internationally, and tips to safely shop on-line.

Shopping On-line During the Holidays

According to an ACNielsen poll, 50 percent of Canadians now have access to the Internet, and approximately 25 percent of those people have bought something on-line. The Christmas season provided a great opportunity to look at Canadians' shopping habits on the Internet. According to studies of the 1999 shopping season, 10 percent of Canadians with access to the Internet did some form of on-line shopping and together spent approximately \$627 million. That's up considerably from the \$150 million Canadians spent on-line during the 1998 holiday season. The on-line shoppers tended to purchase "low-risk" items: books (34 percent), recorded music (18 percent), toys (22 percent) and clothing (19 percent). The average amount per purchase was \$50 and the average total purchase was \$100. Only a small number of on-line shoppers, about 7 percent, spent more than \$1000. Almost 60 percent of people shopping

on-line during the holidays found it to be a positive experience and only a small number said they found it to be negative.

It seems as though more Canadians are buying and spending on-line than ever before, but consumers are still worried about something going wrong with transactions. ACNielsen's survey found that 67 percent of Canadian Internet users are worried about the security of their credit card numbers, 59 percent about what would happen if the purchase went wrong, 54 percent about being able to verify information about the merchant, 51 percent about the privacy of personal information and 50 percent about getting useful product information. However, government, business and consumer representatives, both in Canada and around the world, are working to make the Internet a safer place to shop.



Canada

Consumer Protection in Electronic Commerce

Since last fall, several groups have taken important steps toward on-line consumer protection in Canada. In November, Canadian governments, business and consumer associations released a set of principles for the protection of consumers shopping on the Internet. *Principles of Consumer Protection for Electronic Commerce: A Canadian Framework* outlines steps that governments, businesses and consumer associations should follow to make sure that Canadian Web sites are safe for consumers. This document is unique because it was developed and agreed to by government, business and consumer associations.

Canadian Principles

The principles call for the following:

- clear information, in plain language, about a business's identity, the goods and services it offers, and the terms and conditions of sale;
- a straightforward process for buying — in other words, clear steps for the consumer to follow when buying an item;
- security and protection of personal and financial information;
- restrictions on the use of mass marketing e-mail;
- a fair balance of liability between the merchant and consumer if there are problems with a transaction; and
- timely and affordable means of complaint handling and redress.

The Canadian Association of Internet Providers and the Canadian Marketing Association already have codes of conduct consistent with the principles. Other associations are considering using the principles to develop codes of practice for on-line merchants.

Along with the principles, the working group also developed two educational documents — one for consumers (see page 3) and one for merchants — to help everyone make the most of their on-line shopping experience.

Federal-Provincial Action

Also in November 1999, the federal and provincial ministers responsible for consumer affairs agreed to update consumer protection laws to deal with the realities of the electronic marketplace. The legislative changes include provisions to allow the use of electronic signatures. They will also ensure that consumers have sufficient information to make an informed decision and can withdraw from transactions without penalty if suppliers fail to deliver goods within a reasonable amount of time.

Trustmarks and Seals

If you've done any shopping on the Internet, you may have noticed that some on-line merchants use seals of approval. Much like the Canadian Automobile Association (CAA) allowing a garage to use the CAA logo when the garage meets the CAA standard, on-line seal programs "certify" Web sites so consumers know if a merchant is reliable or not. Seals such as BBB On-line (run by the U.S. Better Business Bureau) and WebTrust of the Canadian Institute of Chartered Accountants are now being used on the Internet. The provincial consumer protection office in Quebec is working with the province's standards board

to develop a standard for consumer protection in electronic commerce that would be based on the Canadian principles. As well, the Canadian E-business Roundtable, a private sector initiative whose objective is to promote electronic commerce in Canada, has recommended setting up a Canadian consumer protection mark and a forum for dispute resolution. All of these initiatives result from the fact that shoppers want more certainty about the protection they can expect when shopping on-line. The challenge is to ensure that all seal programs guarantee a consistent level of good business practice.

Guidelines from the OECD

Because the Internet allows you to visit any Web site around the world, consumer protection has to be international. In December 1999, the Organisation for Economic Co-operation and Development

(OECD) released its *Guidelines for Consumer Protection in the Context of Electronic Commerce*. The working party that developed these guidelines was chaired by Canada.

The guidelines will play an important role in helping governments, businesses and consumer associations develop and implement systems to protect consumers shopping on-line. OECD Secretary-General Donald Johnston has said, "Without consumer confidence, electronic commerce will never realize its much-vaunted potential, no matter how good the technology becomes. The guidelines provide practical guidance to help foster this confidence on-line." The guidelines emphasize the need for cooperation among governments, businesses and consumers at both the national and international levels, and cover most of the same issues that the Canadian principles do.

OECD Guidelines

The guidelines call for the following:

- fair business, advertising and marketing practices;
- clear information about an on-line business's identity, the goods or services it offers, and the terms and conditions of any transaction;
- a clear process for the confirmation of sales;
- secure payment mechanisms;
- a fair, timely and affordable way for resolving disputes;
- privacy protection; and
- consumer and business education.

Consumer Shopping Tips

Whether you're a novice or a seasoned on-line shopper, there are things that you take for granted at your local store that may be a concern when you shop on the Internet. Here are some tips that will help you shop on-line with confidence:

- Know the merchant you're dealing with.
- Look for detailed product information.
- Read the contract's terms and conditions and print or save them.
- Check for quality assurance certificates or seals and verify what they guarantee.
- Verify that the merchant has a fair and clear process for handling complaints.
- Ensure that you're comfortable with the merchant's purchasing process and that you know how to cancel your order.
- Make sure the merchant has a secure transaction system to protect your financial information.
- Review the merchant's policy for protecting personal information.
- Remember, buying internationally involves more risk: check that products meet Canadian safety standards; know how much money you're willing to risk if something goes wrong; and check the guarantee and what currency is being used for pricing.
- Be on guard against mass market e-mail.
- Educate yourself and your children about controlling personal information.
- Be very careful when using on-line auctions; never send cash to anyone that you have made a deal with on an auction site based on a promise of delivery.
- Watch out for hidden costs — shipping and handling charges can be very high.

If you would like more detailed information on how to protect yourself on-line, visit the Office of Consumer Affairs Web site, Consumer Connection (<http://consumerconnection.ic.gc.ca>). There you can download a copy of *Shopping on the Internet: Get Informed*, a booklet of on-line shopping tips for consumers.

Watch Out for Scams

Here are some of the scams you'll see on-line and in mass unsolicited e-mail (known as spam).

"How To Make \$\$\$\$MONEY\$\$\$\$
Without Leaving Your House!!!"

"OFFSHORE WEALTH!"

"Free, No Obligation Mortgage Quotes!!"

"Free, No Repay Cash Grants, Up To \$50 000."

Because the Internet offers quick access to a large audience at low cost, there is no shortage of people using it to make a fast buck at the expense of the unwary. Be especially aware of the following:

- any offer that sounds too good to be true;
- any site that asks you to send personal or financial information before disclosing an offer;
- promises of a valuable prize in return for a low-cost purchase;
- any offer that includes pressure to send money to take advantage of a special deal;
- any loan offer where you are required to send money as a condition of obtaining the loan; and
- investment schemes — don't invest without carefully checking the investment, product, service and investor.

Internet Fraud Is International!

Check the following sites to stay up to date on the latest scams in Canada and the United States:

Competition Bureau, Industry Canada	http://competition.ic.gc.ca
Ontario Provincial Police Phonebusters	http://www.phonebusters.com
RCMP	http://www.rcmp-grc.gc.ca/html/scams.htm
Better Business Bureau (Canada and the U.S.)	http://www.bbb.org/alerts/index.html
Federal Trade Commission (U.S.)	http://www.ftc.gov/bcp/menu-internet.htm
National Fraud Information Center (U.S.)	http://www.fraud.org

FOR FURTHER INFORMATION

- about consumer protection,
contact Colin Barry, Consumer
Policy Analyst
E-mail: barry.colin@ic.gc.ca
Tel.: (613) 952-2771
- about *Consumer Quarterly*,
contact Cathy Enright, Office of
Consumer Affairs
E-mail: enright.cathy@ic.gc.ca
Tel.: (613) 952-3466

Or write to:

Office of Consumer Affairs
Industry Canada
9th Floor, East Tower
235 Queen Street
Ottawa ON K1A 0H5

Fax: (613) 952-6927

Consumer Quarterly is also available on Consumer Connection, the Office of Consumer Affairs' home page on *Strategis*, Industry Canada's business information Web site.

English
<http://consumerconnection.ic.gc.ca>

French
<http://carrefourdesconsommateurs.jc.gc.ca>

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What's Next?

In Canada

More and more on-line merchants are using certification systems to show consumers that they are reliable. However, there are many different types of seals being used on the Internet and it is becoming difficult to tell which ones meet the accepted standard that the Canadian principles have set out. Over the next year, the group that developed the Canadian principles will be looking at ways to increase the adoption of the principles in the electronic marketplace so that consumers are clear when they are dealing with reputable on-line merchants.

Internationally

Other countries, such as the United States, Australia and the United Kingdom, are also trying new methods to protect consumers on-line. For example, Trust UK is a non-profit organization set up with the support of the government of the United Kingdom to enable consumers to buy on-line with confidence. When a consumer sees the Trust UK symbol on a Web site, it means that the company showing the symbol is complying with a Trust UK Code of Practice.

Australia will soon be unveiling a best practices model as part of a strategy to enhance consumer protection and consumer confidence in

on-line transactions. Once completed, the model may be adopted by relevant industry associations as well as individual businesses. It is expected that a final version of the model will be released this spring.

The countries that developed the OECD guidelines realize that it is very important that they coordinate their work and implement the guidelines in the same way so that consumers can shop anywhere and not have problems. These countries met in March 2000 in Paris to discuss how to promote consumer education and ways of encouraging the implementation of the international guidelines.

An important challenge internationally is the issue of jurisdiction. If a consumer buys an item from a merchant in another country and something goes wrong, in whose court and with whose law will a solution be found? This issue will be a very important topic of discussion at the international level. A partial solution may be the use of alternative dispute resolution mechanisms in which both the consumer and the merchant agree to work with a mediator or arbitrator to resolve the problem. However, consumers will still need access to the courts for disputes involving, for example, personal injury, in which the value of settlements can be large.

les lignes directrices

« Comment faire \$\$\$ FORTUNE \$\$\$ à domicile ! »

« Estimation d'hypothèque gratuite, sans obligation »

« Subvention en espèces pouvant atteindre 50 000 \$, sans remboursement »

Parce qu'Internet offre un accès rapide et bon marché à un vaste public, bien des gens l'utilisent pour faire « un coup d'argent » aux dépens des imprudent. Méfiez-vous tout de toute offre qui vous semble trop belle pour être vraie, particulièrement de ce qui suit :

renseignements personnels ou financiers avant d'afficher une offre.

des promesses d'un prix de grande valeur en retour d'un achat bon marché.

toute offre avant de pouvoir profiter d'une bonne affaire;

toute offre où l'on insiste pour que vous envoyiez de toute offre de prêt dans laquelle on demande que vous envoyiez de l'argent pour obtenir le prêt;

des stratégies d'investissement — « investissez pas sans vérifier avec soin l'investissement, le produit, le service et l'investisseur. »

garage aux escroqueries

Si vous souhaitez obtenir des renseignements plus détaillés sur la façon de vous protéger en ligne, allez au site Web du Bureau de la consommation, le Cartefour des consommateurs (<http://cartefourdesconsommateurs.gc.ca>). Vous pourrez télécharger un exemple de Magazine dans Internet : *renseignez-vous*, un recueil de conseils sur le magasinage en ligne à l'intention des consommateurs.

de manutention peuvent être très élevés

- *Et ce qu'il s'agit d'assurer.*
- *Vérifiez les certificats ou les sceaux d'assurance de la qualité,*
- *Assurez-vous que le marchand offre des mécanismes*
- *clairs et équitables de traitement des plaintes.*
- *Assurez-vous que les modalités d'achat offertes par le*
- *marchand vous conviennent et que vous savez comment*
- *annuler votre commande.*
- *Assurez-vous que le marché a un système de sécurité*
- *protégéant vos renseignements financiers.*
- *Examinez la politique du marché en matière de*
- *protection des renseignements personnels.*
- *N'oubliez pas que les achats à l'étranger comportent*
- *des avantages de risques : assurez-vous que les produits*
- *répondent aux normes de sécurité canadiennes ; déterminez combien d'argent vous êtes prêt à risquer si*
- *quelque chose tourne mal, vérifiez la garantie et les*
- *devises utilisées pour expédier les prix.*
- *Meillez-vous du multiplicateur.*
- *Apprenez comment contrôler vos renseignements*
- *personnels et montrez à vos édifices comment le faire.*
- *Soyez très circonspect dans les ventes aux échères en*
- *ligne ; n'envoyez jamais d'espèces à une personne avec*
- *qui vous aviez conclu une entente sur une simple*
- *promesse de livraison.*

Gonseils de magasins

Si l'inspiration aboutissement des lignes directrices pour élaborer et instaurer des systèmes de protection des acheteurs en ligne. Le secrétaire général de l'OCDE, Donald Johnson, affirme que sans la confiance des consommateurs, le commerce électronique ne réaliserait jamais ses générées promesses, peu importe la qualité de la technologie. A son avis, les lignes directrices aideront à assurer cette crédibilité en ligne. Elles insistent sur le besoin de concrétisation entre les gouvernements, les entreprises et les consommateurs, aux niveaux tant national qu'international, et portent sur la plupart des questions qui abordent les principes canadiens.

et les associations de consommateurs
Les gouvernements, les entreprises

redigé le document.

présidait le groupe de travail qui a
commerce électronique. Le Canada
du consommateur dans le contexte du
Lignes directrices régissant la protection

économiques (OCD) a publié ses
coopérations et de développement
décembre 1999, l'Organisation de
avoir une portée internationale. En
protection des consommateurs doit
sulter n'impose que site au monde la
Parce qu'Internet vous permet de con-

des bonnes pratiques commerciales.
de sceaux garantissent uniformément
veiller à ce que tous les programmes
magasiné en ligne. Le décret de
protection dont ils jouissent lorsqu'ils
veulent plus de certitudes quant à la
de couleur du fait que les acheteurs
des différends. Toutes ces initiatives
diens et d'une tribune pour le règlement
de protection des consommateurs cana-
a recommandé la création d'une marque
du commerce électronique au Canada,
privé qui cherche à faire la promotion
Roundtable, une initiative du secteur
de plus, la Canadian E-business

Quelque collabore avec le Bureau de
protection du consommateur du
déjà utilisés dans Internet. L'Office de
canadien des comparables a été, soit
Etats-Unis) et WebTrust, de l'Institut
par le Better Business Bureau des
sceaux de BB On-line (administrateurs
si un marchand est titulaire ou non. Les
pour que les consommateurs sachent
dans Internet « agréent », les sites Web
les programmes d'affichage de sceaux
respecte les normes de l'association,

d'utiliser le logo de la CAA si elle
(CAA), qui permet à une station-service
de renseignements précis, en
langage clair, sur l'entreprise, les
des étapes bien définies pour
transparent — en d'autres mots,
un mécanisme d'achat
les conditions de vente;

plaines. ■
mécanismes de traitement des
à des recours et à un coût abordable,
des moyens d'accès, au moment
de problème,
celles du consommateur en cas
responsabilités du marchand et
un juste équilibre entre les
courriel commercial non sollicité;
des limites à l'utilisation du
financiers;
la sécurité et la protection des
renseignements personnels et
l'achat d'un article;
des étapes bien définies pour
l'entreprise, les
langage clair, sur l'entreprise, les
des renseignements précis, en
les principes préconisent ce qu'il suit :

Les principes

consommateurs.
entreprises et les associations de
accepté par les gouvernements, les
unique en ce qu'il a été élaboré et
sites Web canadiens. Ce document est
la sécurité des consommateurs sur les
venants devront prendre pour assurer
présenter les mesures que ces inter-
électronique — Le cadre canadien
consommateurs dans le commerce
Principes régissant la protection des
les consommateurs dans Internet. Les
une série de principes pour protéger
consommateurs du Canada ont publié
des entreprises et des associations de
représentants des gouvernements,
canadiennes en ligne. En novembre, des
pour protéger les consommateurs
ont adopté des mesures rigoureuses
Depuis l'automne, plusieurs groupes

fournissoir ne livre pas la marchandise dans un délai raisonnable.
sion éclairée et pourront mettre un terme à une transaction sans pénalité si le
consommateurs auront suffisamment pour renseignements pour prendre une déc-
tron le recours aux signatures électroniques. Elles garantiront également que les
teur dans l'optique du commerce électronique. De nouvelles dispositions permet-
consommation ont convenu de modifier les lois sur la protection du consomma-
Toujours en novembre 1999, les ministres fédéral et provincial chargés de la
possibilité du magasinage en ligne.
chacun puisse tirer le meilleur parti
l'autre pour les marchands — afin que
pour les consommateurs (page 3) et
documents de sensibilité — l'un
de travail à également produit deux
L'Association canadienne des four-
autre les principes, le groupe
qui font du commerce électronique.
de pratique à l'intention des marchands
à s'en inspirer pour rédiger des codes
principes. D'autres associations songent
de codes de conduite conformes à ces
d'intérêt et l'Association cana-
nissieurs Internet et l'Association cana-
pour les protéger les consommateurs
ont adopté des mesures rigoureuses
Depuis l'automne, plusieurs groupes

Commerce électronique et protection des consommateurs

